

Message Text

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ACTION EB-08

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 4884

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AMEMBASSY MANAMA

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USDOC FOR CAGNE

E.O. 11652: N/A

TAGS: EAIR, LE

SUBJECT: PAN AMERICAN VIEWS ON RESUMING BEIRUT SERVICE

1. PAN AM REGIONAL REP ARA L. KURKJIAN VISITED BEIRUT
AUGUST 2 TO 4. DURING HIS STAY, HE CALLED ON GOL CIVAIR
DIRGEN ZUHAIR BEYDOUN, MINISTRY OF TOURISM, LOCAL TRAVEL
AGENTS AND ON AUGUST 3 PRESIDENT SARKIS.

2. DURING CALL ON AMBASSADOR, KURKJIAN GAVE FOLLOWING
SUMMARY OF HIS CONVERSATION WITH GOL OFFICIALS (DETAILED
MEMCON BEING POUCHED):

-- BOTH BEYDOUN AND PRESIDENT SARKIS HAD EMPHASIZED
GOL DESIRE HAVE PAN AM RESUME SERVICE TO BEIRUT.
KURKJIAN QUOTED SARKIS AS SAYING "BEIRUT INTERNATIONAL
AIRPORT NOT INTERNATIONAL WITHOUT PAN AM."

-- PAN AM VIEW OF RESUMPTION QUESTION IS STRICTLY
ECONOMIC; PAN AM WILL NOT RESUME UNLESS THEY ARE
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CONFIDENT THAT SERVICE WILL TURN A PROFIT. KURKJIAN
NOTED THAT AFTER SEVERAL YEARS OF DEFICIT, PAN AM IS ONLY
THIS YEAR BEGINNING TO TURN CORNER TOWARDS PROFITABILITY
AND THUS IN NO POSITION TO MAKE "SPECULATIVE ROUTE
DECISIONS."

-- AS BACKGROUND TO PRESENT SITUATION, KURKJIAN NOTED

PAN AM DECISION TO ABANDON ROUND THE WORLD SERVICE THROUGH BEIRUT IN FAVOR FRANKFURT-TEHERAN ROUTE WAS TAKEN BEFORE CIVIL WAR. ACTUAL SUSPENSION DATE COINCIDED WITH FIGHTING AND LEFT UNHAPPY IMPRESSION THAT FIGHTING WAS THE CAUSE. PRESENT SERVICE THROUGH TEHERAN VERY PROFITABLE AND PAN AM HAS NO INTENTION OF ABANDONING IT.

-- QUESTION IS THUS WHETHER TO OPEN FEEDER ROUTE TO BEIRUT AS A COLLECTION POINT FOR ARAB TRAFFIC. IN THIS REGARD KURKJIAN NOTED PAN AM'S NON-STOP SERVICE NEW YORK-BAHRAIN WAS HIGHLY PROFITABLE AND GROWING RAPIDLY ENOUGH TO JUSTIFY, HE THOUGHT, DOUBLING FREQUENCY OF SERVICE AND/OR ESTABLISHING SIMILAR DIRECT SERVICE TO ABU DHABI. THIS ROUTE MADE BAHRAIN COLLECTION POINT FOR GUL TRAFFIC TO US, DENYING SAME TO BEIRUT. BEIRUT SERVICE WOULD HAVE TO MAKE PROFITS SOLELY FROM LOCAL TRAVELERS PLUS FEED-INS FROM DAMASCUS, AMMAN, BAGHDAD, AND CAIRO. PROFITS FROM THIS SERVICE WERE HIGHLY QUESTIONABLE GIVE "CUT-THROAT" RATE-CUTTING PRACTICES OF SYRIAN, JORDANIAN AND EGYPTIAN COMPETITORS AND ABSENCE AT PRESENT OF DETAILED TRAFFIC ANALYSIS SHOWING ORIGIN AND DESTINATION OF ARAB TRAVELERS AND PERCENTAGE NON-ARAB PASSENGERS TRANSITING ARN AREA. NO DECISION POSSIBLE UNTIL REQUIRED LOAD FACTOR STUDIES COULD BE MADE.

-- PAN AM'S ROUTINE SCHEDULE CHANGES OCCUR IN LIMITED OFFICIAL USE

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OCTOBER AND APRIL. IT IS ALREADY TOO LATE TO MAKE AN OCTOBER CHANGE REGARDING BEIRUT. IF ALL SIGNS WERE POSITIVE, BEIRUT COULD BE RESUMED ON APRIL SCHEDULE. IF SIGNS EXTREMELY GOOD, IT WAS EVEN CONCEIVABLE PAN AM COULD INAUGURATE SERVICE ON ADVANCE BASIS AS MUCH AS TWO MONTHS BEFORE APRIL. TO RESUME AT ALL, HOWEVER, WOULD REQUIRE OVERCOMING MYRIAD OBSTACLES INCLUDING (1) PROVISIONS OF BILATERAL AGREEMENTS WITH ITALY AND UK, (2) NEGOTIATIONS RE FREQUENCY AND ROUTING IN WHICH BRITISH AIRWAYS, MEA, AND OTHERS HAD LARGE INTERESTS AT STAKE, (3) INTERNAL PROBLEMS RESULTING FROM PAN AM'S SHORTAGE OF PLANES AND CREWS, AND (4) REASSESSMENT OF LOCAL SECURITY CONDITIONS AT BEIRUT, WHERE PRESENTLY NO AIRCRAFT REMAIN ON THE FIELD OVERNIGHT.

2. AMBASSADOR NOTED EMBASSY'S INTEREST IN ANY DEVELOPMENT WHICH WOULD PROMOTE RESTORATION LEBANESE SITUATION TO NORMAL, ADDING THAT DECISION WAS OF COURSE A BUSINESS DECISION THAT ONLY PAN AM COULD MAKE. KURKJIAN AGREED TO KEEP EMBASSY INFORMED OF PAN AM'S THINKING AS IT EVOLVED IN COMING MONTHS.

3. COMMENT: DESPITE HIGHLY COURTEOUS HARD-SELL FROM
GOL, PAN AM WILL OBVIOUSLY NOT BE RUSHED INTO DECISION
TO RESUME FLIGHTS TO BEIRUT. BOTH PAN AM AND GOL WELL
AWARE THAT WITHOUT PAN AM IN BEIRUT GOL HAS NO BARGAINING
LEVERAGE BASED ON RECIPROCITY IN FORTHCOMING BILATER
CIVIL AIR NEGOTIATIONS.
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Message Attributes

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